

## TRANSMITTAL SLIP

5 Nov 81

TO: Bob Gates

ROOM NO. 7D60 | BUILDING Hqs.

REMARKS:

I urge that you read this cable right away.

cc: [redacted]

Hans Heymann  
Maurice Ernst  
[redacted]

25X1

25X1

FROM: Harry Rowen, C/NIC

ROOM NO. 7E62 | BUILDING Hqs.

25X1

FORM NO. 241  
FEB 55REPLACES FORM 38-8  
WHICH MAY BE USED.

(47)

State Dept. review completed

SECRET  
Department of StateINCOMING  
TELEGRAMPAGE B1 WARSZAWA 18838 B1 OF B3 8416112  
ACTION SS-25INFO OCT-82 ADS-BB SSO-BB /827 W  
-----283451 8416172 /45O 841517Z NOV 81  
FM AMEMBASSY WARSAW  
TO SECSTATE WASHDC IMMEDIATE 3841

S E C R E T SECTION 1 OF 3 WARSZAWA 18838

EXDIS

STADIS//////////

FOR ASSISTANT SECRETARY EAGLEBURGER FROM AMBASSADORS  
MEISSNER AND MEEHANE.O. 12865: GDS 11/4/87 (MEEHAN, FRANCIS J.) OR-M  
TAGS: EFIN, EGIN, RL  
SUBJECT: AID TO POLAND

1. (S - ENTIRE TEXT.)

2. SUMMARY. SUMMARY. IN OUR JUDGEMENT THE US GOVERNMENT NEEDS TO MAKE A DECISION BY MID-NOVEMBER WHETHER IT WILL COMMIT MAJOR NEW COMMERCIAL EXPORT CREDITS TO POLAND IN 1982, I.E. LEVELY SIMILAR TO THE 780 MILLION DOLLARS IN COMMERCIAL AGRICULTURAL CREDITS EXTENDED LAST YEAR. THIS MESSAGE REVIEWS THE PRESENT POLITICAL SITUATION IN POLAND, WHY THE MID-NOVEMBER TIMING IS IMPORTANT, THE SIZE OF THE ECONOMIC PROBLEM AND SUGGESTS THE CONDITIONS UNDER WHICH CREDITS SHOULD BE EXTENDED. IT DOES NOT REPEAT NOT ADDRESS THE ISSUE OF HUMANITARIAN FOOD AID TO POLAND, WHICH SHOULD BE CONTINUED WHETHER THERE IS A POSITIVE OR NEGATIVE DECISION ON EXTENDING A LARGE VOLUME OF COMMERCIAL EXPORT CREDITS. SUCH FOOD AID IS A SHORT TERM EFFORT. LARGE VOLUME EXPORT CREDITS ARE A MEDIUM TERM FINANCIAL COMMITMENT TO THE POLISH ECONOMY. SUCH A COMMITMENT, WHILE HAVING AN ECONOMIC-COMMERCIAL RATIONALE, IS IN ESSENCE A POLITICAL DECISION TO LEND US ECONOMIC RESOURCES TO SUPPORT THE POLITICAL CHANGES NOW TAKING PLACE IN POLAND. THE USG DOES NOT HAVE ANY INTEREST IN HELPING OUT COMMUNIST GOVERNMENTS IN DISTRESS. THE AID WE RECOMMEND IS NOT TO HELP THE POLISH GOVERNMENT BUT TO MAXIMIZE RUSSIAN LOSS AND U.S. GAIN IN THE POLISH SITUATION. END SUMMARY.

## POLITICAL SITUATION

3. OVER THE LAST SIXTEEN MONTHS WE HAVE WITNESSED A NON-VIOLENT POLITICAL REVOLUTION IN POLAND. THIS REVOLUTION HAS TAKEN PLACE IN THE MIDST OF AN ECONOMIC CRISIS BROUGHT ON BY THE DISASTROUS REGIME ECONOMIC POLICIES OF THE 1970'S AND AGGRAVATED BY THE EXTREMELY BAD 1980 HARVEST. THE VEHICLE FOR THE REVOLUTION HAS BEEN THE FORMATION OF FREE LABOR UNIONS IN BOTH INDUSTRY AND AGRICULTURE. IN THIS CONTEXT, MANY ECONOMIC ISSUES ARE SIMULTANEOUSLY KEY POLITICAL ISSUES -- ECONOMIC DECENTRALIZATION, WAGE LEVELS, THE PRICE SYSTEM, COAL PRODUCTION, ETC.

4. INHERENT IN THESE ECONOMIC ISSUES, IN FACT, IS THE STRUGGLE FOR POLITICAL POWER IN POLAND. THE REGIME RESISTED FROM THE OUTSET THE RISE OF SOLIDARITY AND THE INTRODUCTION OF DEMOCRATIC PRACTICES IN SOCIETY. ONLY WIDESPREAD NATIONAL SUPPORT, ITS TRULY MASS BASIS, HAS ENABLED SOLIDARITY TO ACHIEVE THE STATUS OF A FREE DEMOCRATIC LABOR UNION. THE UNION HAS WON A VOICE IN THE RUNNING OF MON-MILITARY PLANTS; IT HAS ESTABLISHED ITS OWN PRESS; IT HAS SET THE PACE IN A PROCESS MOVING THE GOVERNMENT TOWARD ECONOMIC REFORMS THAT RELY MORE ON MARKET FORCES AND LESS ON CENTRAL PLANNING; IT HAS UPHELD THE RIGHT OF PRIVATE FARMERS TO HOLD AND USE LAND,

AND WORKED SUCCESSFULLY FOR GOVERNMENT CONCESSIONS IN THIS CRUCIAL SECTOR.

5. THESE GAINS HAVE NOT ALL BEEN CONSOLIDATED. SOLIDARITY KNOWS THAT THE GAINS WRUNG FROM PREVIOUS GOVERNMENTS IN 1956 AND 1970 WERE ERODED AND FINALLY LOST. THIS TIME UNION LEADERS ARE INSISTING ON STATUTORY CHANGES THAT WILL EMBED THE ACHIEVEMENTS OF THE PAST SIXTEEN MONTHS IN LAW. THEY WILL USE THE NEGOTIATING PROCESS ON ECONOMIC REFORM TO TRY TO BRING ABOUT FAR-REACHING CHANGES IN POLAND'S COMMAND ECONOMY. THE PUBLIC MANIFESTATIONS OF THE POLITICAL POWER STRUGGLE ARE STRIKES AND STRIKE WARNING ACTIONS ON THE SOLIDARITY SIDE, WHILE THE GOVERNMENT CALLS FOR AN END TO STRIKES AND ACCUSES SOLIDARITY OF TRYING TO RUIN THE ECONOMY AS A WAY OF GAINING POLITICAL POWER.

6. THE STATE STILL HOLDS A MONOPOLY ON BOTH POLICE POWER AND MILITARY POWER. THE MODERATE POLITICAL LEADERS NOW IN CHARGE HAVE RESISTED THE USE OF THIS POWER, BUT THEY WALK A THIN LINE. ON THE DOMESTIC SIDE THEY FACE THE CHALLENGE OF A NON-VIOLENT REVOLUTION REACHING FOR ECONOMIC AND POLITICAL POWER. EXTERNALLY, THERE ARE THE OTHER WARSAW PACT COUNTRIES WHO SEE THE POLISH REVOLUTION AS A THREAT TO THEIR STABILITY. THESE GOVERNMENTS WANT TO SEE SOLIDARITY SUPPRESSED EITHER BY THE POLISH GOVERNMENT OR, IF THAT IS NOT POSSIBLE, COMBINED WARSAW PACT FORCE. POLISH GOVERNMENT STATEMENTS AND ACTIONS ARE OFTEN PLAYED TO PLACATE THESE FORCES. THE MODERATE POLITICAL LEADERS NOW IN POWER IN POLAND ARE ATTEMPTING TO KEEP THE SITUATION IN POLISH HANDS. THEY HAVE A COMMON INTEREST WITH SOLIDARITY IN KEEPING THE RUSSIANS OUT.

7. OVER THE PAST SIXTEEN MONTHS THERE HAVE BEEN SEVERAL CHANGES IN THE REGIME LEADERSHIP IN RESPONSE TO INTERNAL AND EXTERNAL PRESSURE. RECENTLY THE COUNTRY'S LEADING MILITARY FIGURE, JARUZELSKI, HAS TAKEN OVER AS PARTY FIRST SECRETARY. HE SEEMS TO WISH TO CONTINUE THE MODERATE LINE OF NEGOTIATING SOLUTIONS WITH SOLIDARITY. WITH JARUZELSKI, HOWEVER, WE MAY BE AT THE END OF NATIONALLY KNOWN AND RESPECTED MODERATE LEADERSHIP.

8. SOLIDARITY, LIKEWISE, HAS BEEN IN THE PROCESS OF RESOLVING ITS LEADERSHIP QUESTIONS. ITS RECENT CONGRESS REAFFIRMED WALESZA AND PROVIDED HIM WITH A FIRMER BASE FOR NEGOTIATION WITH THE GOVERNMENT.

9. BECAUSE THE CONSOLIDATION OF THE POLISH EXPERIMENT IS A COMPLEX PROCESS INVOLVING A WEB OF SOCIAL, ECONOMIC, LEGISLATIVE AND ADMINISTRATIVE ACTIONS, IT WILL NOT BE ACHIEVED QUICKLY. WE ANTICIPATE CYCLICAL PERIODS OF NEGOTIATION AND POLITICAL TENSION. OFTEN, BUT NOT ALWAYS, LEADING TO SPECIFIC AGREEMENTS. THE NEXT SIX MONTHS WILL BE THE CRUCIAL PERIOD FOR THE REGIME AND SOLIDARITY TO MAKE AN EFFORT TO COMPLETE A KIND OF NEW SOCIAL AND ECONOMIC COMPACT WHICH WILL ESTABLISH AN ACCEPTABLE DEGREE OF SOCIAL HARMONY, RETURN LABOR TO INTENSIVE PRODUCTION AND GIVE POLAND THE CHANCE TO BEGIN REBUILDING ECONOMIC GROWTH AND POLITICAL STABILITY.

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## Department of State

TELEGRAM

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2024

WARSAW 18838 #3 OF 83 041748Z

ACTION SS-25INFO OCT-82 ADS-88 SSO-88 /827 W  
-----285231 041759Z /44O 041517Z NOV 81  
FM AMEMBASSY WARSAW  
TO SECSTATE WASHDC IMMEDIATE 3843

S E C R E T SECTION 3 OF 3 WARSAW 18838

EXDIS  
STADIS//////////FOR ASSISTANT SECRETARY EAGLEBURGER FROM AMBASSADORS  
MEISSNER AND MEEHANF. AGRICULTURAL CREDITS SHOULD BE TIED TO SPECIFIC  
CONDITIONALITY IN AGRICULTURAL DEVELOPMENT POLICY. WE NEED  
TO WORK WITH CANADA AND THE EC ON THIS ISSUE.G. NEW COMMERCIAL CREDITS SHOULD BE EXTENDED FOR TEN  
YEARS TO RELIEVE THE POLES OF IMMEDIATE PAYMENT PROBLEMS WHICH  
THEY CANNOT MEET. (IF WE CAN ARRANGE INITIAL FIVE YEARS OF  
INTEREST PAYMENTS IN ZLOTYS FOR OUR OWN AID WE WILL HAVE A  
GREATER IMPACT.)H. WE MUST DEVELOP A PROGRAM INTERNAL TO POLAND TO USE  
EFFECTIVELY OUR ZLOTYS TO REINFORCE ECONOMIC-REFORM IN THE  
COUNTRY -- SPECIFICALLY WE WOULD RECOMMEND PROGRAMS TO SUP-  
PORT PRIVATE AGRICULTURE.I. WE SHOULD CONTINUE TO RESCHEDULE OUR DEBT PAYMENTS  
WITH THE POLES OVER THE NEXT FEW YEARS -- SIX MONTHS BY SIX  
MONTHS IF NECESSARY -- TO ALLOW CHANGES TO REESTABLISH ECONOMIC  
GROWTH AND BE REPAYED IN THE FUTURE, AND  
J. WE SHOULD PAY CLOSE ATTENTION TO COMPARABILITY IN  
DEBT RESCHEDULING TO ASSURE REASONABLE BURDEN SHARING BETWEEN  
CREDITOR GROUPS.

## RECOMMENDATION

19. WE BELIEVE THE ISSUE OF EXPORT CREDITS FOR FY 1982  
SHOULD BE DECIDED BY MID-NOVEMBER. WE FACE A CONFLUENCE OF  
POLITICAL AND ECONOMIC FORCES, AND WE MUST DECIDE WHETHER WE  
WISH TO INFLUENCE IT OR NOT. THIS IS A POLITICAL DECISION  
ON ECONOMIC LEVERAGE. WE WOULD RECOMMEND THAT THE US SERI-  
OUSLY CONSIDER SUCH AN EFFORT. END RECOMMENDATION.20. THE ABOVE IS AN EMBASSY PARTIAL REWRITE OF A MESSAGE  
DRAFTED BY AMBASSADOR MEISSNER DURING HIS RECENT VISITS TO  
WARSAW. THE FOLLOWING PARAGRAPHS ARE MY OWN ADDITIONS.21. IN A MESSAGE WRITTEN LAST AUGUST (WARSAW 7948) I SUMMED  
UP MY VIEWS ON AID TO POLAND. I NOTED THAT SINCE ARRIVAL AT  
POST I HAD TENDED TO SHADE OFF ON THE CAUTIOUS SIDE ON LARGE-  
SCALE AID, WHILE SUPPORTING SPECIFIC LIMITED PROJECTS. I  
SAID IN EFFECT THAT THE ECONOMICS OF AID WERE DEBATABLE BUT  
THE POLITICS WERE CLEAR. MY CONCLUSION WAS THAT IT WAS  
WORTHWHILE FOR US TO PUT DOWN SUBSTANTIAL MONEY BECAUSE  
POLAND WAS THE BEST BET WE WERE LIKELY TO HAVE IN EASTERN  
EUROPE FOR A LONG TIME.22. IT WILL BE CLEAR FROM THE JOINT RECOMMENDATION MADE  
WITH AMBASSADOR MEISSNER THAT I AM CONFIRMED IN MY PREVIOUS  
VIEW. A MAJOR FACTOR IN MY APPROACH NOW, HOWEVER, IS THAT I  
THINK THE POLISH POLITICAL CONTEXT IS MORE FAVORABLE THAN IT  
HAS BEEN AT ANY TIME SINCE THE POLISH EVENTS BEGAN IN THE  
SUMMER OF 1980. I DOUBT THAT BEFORE NOW THE POLES HAD SORTED  
THEMSELVES OUT SUFFICIENTLY TO BE ABLE TO HANDLE A COMPRE-  
HENSIVE AID OFFER EFFECTIVELY. NOW I THINK THERE IS A CHANCETHAT THEY WILL BE ABLE TO DO SO REASONABLY SOON. IN OTHER  
WORDS, THE TIMING IS RIGHT NOW -- AND THE URGENCY IS CLEARLY  
GREAT.23. THERE IS ADDITIONAL EXTERNAL TIMING FACTOR THAT IS  
WORTH CONSIDERING. WE ARE RIGHTLY CONCERNED ABOUT POLITICAL  
MOVEMENT IN WESTERN EUROPE THAT THE RUSSIANS ARE ANXIOUS TO  
USE AGAINST OUR INTERESTS. BREZHNEV'S VISIT TO THE FEDERAL  
REPUBLIC LATER THIS MONTH WILL ATTEMPT TO GIVE IMPETUS TO  
SUCH TRENDS AS PART OF A POLITICAL OFFENSIVE AIMED AT SETTING  
US AND OUR ALLIES APART. THE WEAKNESS IN THIS OFFENSIVE IS  
POLAND. IT MIGHT BE ARGUED THAT THE RUSSIAN EFFORT DIRECTED  
TOWARD WESTERN EUROPE IS AN ATTEMPT TO DIVERT FROM THE POLISH  
RELITIES. IF THIS IS SO, ACTION BY US ON POLAND MIGHT BE  
AN IMPORTANT PART OF A COUNTER-STRATEGY.24. I DO NOT BELIEVE WE HAVE ANY RESPONSIBILITY FOR OR  
INTEREST IN BAILING OUT COMMUNIST GOVERNMENTS IN DISTRESS.  
THE AID SCHEME ENVISAGED IN THIS MESSAGE FOR POLAND IS AIMED  
AT MAXIMIZING RUSSIAN LOSSES AND U.S. GAINS IN THE POLISH  
SITUATION. I RECOGNIZE THE FORCE OF THE-WORSE-THE-BETTER  
ANALYSIS. THE QUESTION IS WHAT REALLY MAKES IT WORSE FOR THE  
RUSSIANS? MY CONSIDERED JUDGEMENT IS THAT CONTINUATION OF  
THE POLISH EXPERIMENT, WITHOUT INTERNAL CHAOS IN POLAND AND  
WITHOUT RUSSIAN MILITARY INTERVENTION, IS THE OPTION THAT  
REALLY PUTS MOSCOW ON THE RACK. THE LONGER THE EXPERIMENT  
GOES ON, THE BROADER THE RANGE OF DEMOCRATIC INNOVATION, THE  
MORE DIFFICULT THE OPTIONS WILL BECOME FOR THE RUSSIANS. IT  
IS ON THIS BASIS THAT I BELIEVE WE SHOULD BE PREPARED TO  
MOVE BOLDLY NOW IN THE AID FIELD. MEEHAN

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